

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 DRC-01 /192 W

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R 121740Z MAR 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 8377

INFO USMISSION GENEVA

USMISSION OECD PARIS

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GENEVA FOR GATT

PARIS FOR OECD

E.O. 11652: N/A

TAGS: ETRD, GATT, OECD, SP

SUBJECT: GOS EXPORT PROMOTION PLANS

REF MADRID 1505 (NOTAL)

1. IN RECENT PUBLIC ANNOUNCEMENTS BOTH FINANCE MINISTER ANTONIO BARRERA DE IRIMO AND COMMERCE MINISTER NEMISIO FERNANDEZ-CUESTA ALLUDED TO A NEW PROGRAM TO PROMOTE SPANISH EXPORTS AS PART OF THE GOVERNMENT'S ECONOMIC MEASURES TO COUNTERACT THE EFFECT OF THE PETROLEUM PRICE INCREASES AND THE CONCOMITANT BALANCE OF PAYMENTS CONSEQUENCES. THE SPANISH DELEGATION TO THE EDRC REVEIW OF THE ECONOMY OF SPAIN AT THE OECD IN PARIS ON MARCH 7 WAS ASKED WHAT THESE MEASURES CONSISTED OF, BUT NO DIRECT OR SPECIFIC RESPONSE WAS PROVIDED. THEREFORE, AN EMBOFF
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SUBSEQUENTLY INQUIRED IN PRIVATE IN MADRID OF THE

COMMERCE MINISTRY TECHNICAL SECRETARY GENERAL GARCIA DIEZ, WHO WAS ALSO AT THE OECD REVIEW, WHAT THE SPECIFICS OF THE EXPORT PROMOTION PLAN WERE. HE RESPONDED THAT WHAT THEY HAD IN MIND WAS UNDERTAKING EXPORT PROMOTION THROUGH INCREASED PARTICIPATION IN INTERNATIONAL FAIRS, IMPROVING ITS COMMERCIAL INTELLIGENCE OPERATIONS AND TRADE OPPORTUNITIES PROCESSING. ALSO KEY TO THE NEW PLAN IS THE DEVELOPING OF A MORE EFFECTIVE EXPORT FINANCING PROGRAM, PERHAPS ALONG THE LINES OF THE US EXPORT-IMPORT BANK. THIS, HE ADMITTED, COULD BE DIFFICULT DUE TO THE RELATIVELY RECENT UNFAVORABLE EXPERIENCE OF SPAIN IN THE GOVERNMENT FINANCING OF EXPORTS IN CONNECTION WITH THE SCANDALOUS "MATESA CASE."

2. GARCIA DIEZ EMPHASIZED THAT THE GOS HAD NO DESIRE TO INVOLVE ITSELF IN AN EXPORT PROMOTION PROGRAM THAT WOULD HAVE THE EFFECT OF BRINGING DOWN UPON THEM THE WRATH OF ALL THEIR TRADING PARTNERS. THEREFORE, WHAT THEY HAD IN MIND WOULD BE IN COMPLETE CONFORMITY WITH GATT AND OTHER TRADING CONVENTIONS AND CUSTOMS. HE STATED CATAGORICALLY THAT IN NO CASE WAS IT THE GOS'S DESIRE TO PAY A PREMIUM TO OR PROVIDE ADDITIONAL REBATES TO EXPORTERS ALONG THE LINES OF THE "DESGRAVACION FISCAL" WHICH HAS RECENTLY COME UNDER USG SCRUTINY IN CONNECTION WITH A POSSIBLE COUNTERVAILING DUTY ACTION. HE ALSO AFFIRMED THAT THERE WERE NO PLANS TO DEPRECIATE THE PESETA IN ORDER TO GIVE AN EXPORT TRADING ADVANTAGE. WHILE THE MINISTERS HAVE NOT YET PUBLICLY SPELLED ALL THIS OUT, HE ASSURED THE EMBOFF THAT THESE WERE THE GOVERNMENT'S INTENTIONS.
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